

BEFORE THE EXECUTIVE DIRECTOR, DEPARTMENT OF REVENUE
STATE LICENSING AUTHORITY
STATE OF COLORADO

ORDER TO SHOW CAUSE, NOTICE OF HEARING,
AND NOTICE OF DUTY TO RESPOND

IN THE MATTER OF:

Nutritional Supplements LLC
P.O. Box 1689
Longmont, CO 80504
Medical Marijuana Center License Number 402-00838

Nutritional Supplements LLC
2647 West 38th Avenue
Denver, CO 80211
Medical Marijuana Center License Number 402-00622

Nutritional Supplements LLC
2647 West 38th Avenue
Denver, CO 80211
Optional Premises Cultivation License Number 403-00930

Nutritional Supplements LLC
2647 West 38th Avenue
Denver, CO 80211
Optional Premises Cultivation License Number 403-00932

Nutritional Supplements LLC
2647 West 38th Avenue
Denver, CO 80211
Medical Marijuana-Infused Products Manufacturer License Number 404-00245

Kevin Lamar
[REDACTED]
Longmont, CO [REDACTED]
Medical Marijuana Associated Key License Number M03792

Josh Stanley
[REDACTED]
Evergreen, CO [REDACTED]
Medical Marijuana Associated Key License Number M01265

Respondents.

ORDER TO SHOW CAUSE

The Colorado Department of Revenue, State Licensing Authority, Marijuana Enforcement Division ("State Licensing Authority"), believes and alleges that Nutritional Supplements LLC (medical marijuana center license nos. 402-00622 and 402-00838, optional premises cultivation license nos. 403-00930 and 403-00932, and medical marijuana-infused products manufacturer license no. 404-00245), Kevin Lamar (medical marijuana associated key license no. M03792), and Josh Stanley (medical marijuana associated key license no. M01265) (collectively "Respondents") have violated the Colorado Medical Marijuana Code, sections 12-43.3-101 *et. seq.*, C.R.S. ("Medical Code"), the rules promulgated thereunder, and/or an order of a state or local licensing authority. Accordingly, the State Licensing Authority orders Respondents to show cause why their licenses should not be suspended or revoked pursuant to Rule M 1301(A)(1), 1 CCR 212-1 (2013), subsection 12-43.3-202(1)(a), C.R.S., and subsection 12-43.3-601(1), C.R.S. on the basis of the following charges:

JURISDICTION AND CASE HISTORY

1. Respondents are licensed by the State Licensing Authority to own and operate certain medical marijuana businesses. Specifically, Respondent Nutritional Supplements LLC is licensed to operate two medical marijuana centers, two optional premises cultivation operations, and one medical marijuana-infused products manufacturing operation. Respondent Kevin Lamar is licensed to act as an associated key for Respondent Nutritional Supplements LLC. Respondent Josh Stanley is licensed to act as an associated key for Respondent Nutritional Supplements LLC.
2. The State Licensing Authority has jurisdiction over the Respondents pursuant to the Medical Code and the State Administrative Procedure Act, sections 24-4-101 to 108, C.R.S.
3. Pursuant to subsection 12-43.3-201(1), C.R.S., the State Licensing Authority has the authority to regulate and license the cultivation, manufacture, distribution, and sale of medical marijuana in the state of Colorado.
4. Pursuant to subsection 12-43.3-601(1), C.R.S., the State Licensing Authority has the power, on its own motion or on complaint, after investigation and opportunity for a public hearing at which the licensee shall be afforded an opportunity to be heard, to suspend or revoke a license or impose any other sanction authorized by the Medical Code, or the rules promulgated pursuant to the Medical Code, on any of the following grounds:
 - a. A violation by the licensee, or any of the agents or employees of the licensee, of any of the provisions of the Medical Code;
 - b. A violation by the licensee, or any agents or employees of the licensee, of any of the provisions of the rules promulgated pursuant to the Medical Code; or

- c. A violation by the licensee, or any of the agents or employees of the licensee, of any of the terms, conditions, or provisions of the license issued by the state or local licensing authority.
5. The physical addresses for Respondents' medical marijuana centers are: 1228 W. Elizabeth Street Unit D8, Fort Collins, Colorado (license no. 402-00838) (the "Fort Collins MMC"), and 2647 W. 38th Ave., Denver, Colorado (license no. 402-00622) (the "Denver MMC") (together "MMCs").
 6. The physical addresses for Respondents' optional premises cultivation operations are: 38150 River Frontage Road, Unit 2D, New Castle, Colorado (license no. 403-00930) (the "Unit 2D Optional Premises"); and 38150 River Frontage Road, Unit 3B, New Castle, Colorado (license no. 403-00932) (the "Unit 3B Optional Premises") (together, the "Optional Premises").
 7. The physical address for Respondents' medical marijuana-infused products manufacturing operation is 2647 W. 38th Ave., Denver, Colorado (license no. 404-00245) (the "MIP").
 8. Respondent Kevin Lamar (license no. M03792) is 50% owner of Nutritional Supplements LLC.
 9. Respondent Josh Stanley (license no. M01265) is 50% owner of Nutritional Supplement LLC.
 10. Green Valley Medical Marijuana Dispensary, LLC ("Green Valley") is an entity that is separate and distinct from Respondent Nutritional Supplements LLC. Green Valley has applied for medical-marijuana business licenses for a medical marijuana center and an optional premises cultivation manufacturer. Green Valley is a currently operating medical-marijuana business applicant.
 11. The Department of Excise and Licensing for the City and County of Denver is the local licensing authority for the Denver MMC and the MIP.
 12. Larimer County is the local licensing authority for the Fort Collins MMC.
 13. Garfield County is the local licensing authority for the Optional Premises.
 14. On June 24, 2013, the State Licensing Authority investigated the Optional Premises pursuant to its authority under section 12-43.3-701, C.R.S.
 15. This Order to Show Cause constitutes Respondents' notice of suspension, revocation, fine or other sanction pursuant to subsection 12-43.3-601(2), C.R.S., and includes the required notice of hearing. This Order to Show Cause shall be mailed to the address contained in each Respondent's license, and to the last address furnished to the State Licensing Authority by each Respondent, as set forth in the Certificate of Service, below.

16. This Order to Show Cause is issued pursuant to Rule 2.100, 1 CCR 212-1 (2012).
17. If the charges set forth in this Order to Show Cause are sustained by final agency order following the administrative hearing and exceptions process, Respondents' licenses may be suspended, revoked or subject to other lawful sanction.

RESPONDENTS' VIOLATIONS

First Violation

(Violation of subsection 12-43.3-901(4)(k), C.R.S.)

18. All allegations set forth in paragraphs 1 through 16 are incorporated as if fully set forth herein.
19. Pursuant to subsection 12-43.3-403(2), C.R.S., each optional premises cultivation licensee shall supply medical marijuana only to its associated licensed medical marijuana centers or licensed medical marijuana-infused product manufacturers.
20. It is unlawful to deliver medical marijuana to a location other than the specific licensed premises where the medical marijuana was to be sold. § 12-43.3-901(4)(k), C.R.S.
21. Upon information and belief, Green Valley's optional premises cultivation operation delivered medical marijuana plants to the Optional Premises.
22. Respondents violated subsection 12-43.3-901(4)(k), C.R.S.

Second Violation

(Violation of subsection 12-43.3-901(5), C.R.S.)

23. All allegations set forth in paragraphs 1 through 16 are incorporated as if fully set forth herein.
24. Pursuant to subsection 12-43.3-901(5), C.R.S., it is unlawful for an optional premises cultivation operation to possess medical marijuana not grown on its licensed premises.
25. Upon information and belief, Green Valley's optional premises cultivation operation delivered medical marijuana plants to the Optional Premises.
26. On or about June 24, 2013, the Optional Premises unlawfully possessed medical marijuana plants that were not grown on its licensed premises.
27. Respondents violated subsection 12-43.3-901(5), C.R.S.

Third Violation
(Violation of section 12-43.3-701, C.R.S.)

28. All allegations set forth in paragraphs 1 through 16 are incorporated as if fully set forth herein.
29. Pursuant to section 12-43.3-701, C.R.S., each licensee shall keep a complete set of all records necessary to show fully the business transactions of the licensee, all of which shall be open at all times during business hours for the inspection and examination of the State Licensing Authority.
30. On or about June 26, 2013, the State Licensing Authority requested all business records of Respondent Nutritional Supplements LLC.
31. Respondent Nutritional Supplements LLC failed to provide the State Licensing Authority with complete business records.
32. Missing or incomplete books or records included the following:
- a. A current list posted in the surveillance room of employees and service personnel with authorized access to the surveillance room in violation of Rule 10.400(B)(6)(e), 1 CCR 212-1, (2012);
 - b. Complete and accurate transportation manifest(s) in violation of Rule 11.200(D), 1 CCR 212-1, (2012);
 - c. Medical marijuana inventory documentation, including, plant count, harvest schedules, and wholesale transactions in violation of Rule 1.205(C)(5), 1 CCR 212-1, (2012), and section 12-43.3-701, C.R.S.;
 - d. Records evidencing patient counts, patient records, and point of sales transaction in violation of section 12-43.3-701, C.R.S.; and
 - e. Visitor logs and visitor identification badges in violation of Rule 10.105, 1 CCR 212-1, (2012).

33. Respondents violated section 12-43.3-701, C.R.S.

Fourth Violation
(Violation of Rule 11.200(D), 1 CCR 212-1 (2012))

34. All allegations set forth in paragraphs 1 through 16 are incorporated as if fully set forth herein.

35. Pursuant to Rule 11.200(D), 1 CCR 212-1 (2012), a licensee must accurately complete a travel manifest prior to transporting medical marijuana.
36. On or about June 24, 2013, an investigator from the State Licensing Authority requested that Respondent Nutritional Supplements LLC provide a travel manifest associated with marijuana plants that had been transported from Green Valley's optional premises cultivation operation to the Optional Premises.
37. Upon information and belief, Respondent Josh Stanley provided a transportation manifest on behalf of Respondent Nutritional Supplements LLC with incorrect information regarding the origin of the transported marijuana plants, number of transported marijuana plants, and type of transported marijuana plants.
38. Respondents violated Rule 11.200(D), 1 CCR 212-1 (2012).

Fifth Violation
(Violation of subsection 12-43.3-402(3), C.R.S.)

39. All allegations set forth in paragraphs 1 through 16 are incorporated as if fully set forth herein.
40. Pursuant to subsection 12-43.3-402(3), C.R.S., a licensee may only sell medical marijuana grown in its medical marijuana optional premises licensed under the Medical Code. Further, a medical marijuana center may only purchase 30% of its inventory from another medical marijuana center. § 12-43.3-402(4), C.R.S. Accordingly, 70% of a medical marijuana center's inventory must be grown in its licensed medical marijuana optional premises.
41. Respondent Nutritional Supplements LLC's MMCs have two Optional Premises to grow medical marijuana. These Optional Premises have violated the Medical Code and are subject to discipline, as set forth in this Order to Show Cause.
42. If the Optional Premises are revoked or rescinded pursuant to this Order to Show Cause, then 70% of the MMCs' inventory cannot be grown at the associated Optional Premises.
43. Respondents' MMCs will therefore be in violation of subsections 12-43.3-402(3) and (4), C.R.S. and subject to discipline.

Sixth Violation
(Violation of subsection 12-43.3-310(13)(a), C.R.S.)

44. All allegations set forth in paragraphs 1 through 16 are incorporated as if fully set forth herein.
45. Pursuant to subsection 12-43.3-310(13)(a), C.R.S., it is unlawful to move the permanent location of a medical marijuana infused-products manufacturing operation and cultivate,

manufacture, or distribute medical marijuana-infused products at the new location without permission of the State Licensing Authority.

- 46. Upon information and belief, Respondents moved the location of the MIP.
- 47. Upon information and belief, after Respondents moved the permanent location of their MIP to another location, they cultivated, manufactured, and/or distributed medical marijuana-infused products without permission of the State Licensing Authority.
- 48. Respondents violated subsection 12-43.3-310(13)(a), C.R.S.

Seventh Violation

(Violation of subsections 12-43.3-202(1)(a) and 12-43.3-601(1), C.R.S.)

- 49. All allegations set forth in paragraphs 1 through 48 are incorporated as if fully set forth herein.
- 50. Pursuant to subsection 12-43.3-202(1)(a), C.R.S., the State Licensing Authority may suspend, fine, or revoke a license for the cultivation, manufacture, distribution, and sale of medical marijuana upon violation of the Medical Code.
- 51. Likewise, pursuant to subsection 12-43.3-601(1), C.R.S., the State Licensing Authority has the power to suspend or revoke a license issued by it for a violation by the licensee or by any of the agents or employees of the licensee of the provisions of the Medical Code, or any of the rules promulgated pursuant to the Medical Code, or of any of the terms, conditions, or provisions of the license issued by the state or local licensing authority.
- 52. As set forth above, Respondents have failed to comply with the Medical Code.
- 53. As set forth above, Respondents have failed to comply with rules promulgated pursuant to the Medical Code.

NOW THEREFORE, the State Licensing Authority believes that good cause, as defined in Rule M 103, 1 CCR 212-1 (2013), exists to discipline your license(s), and you are hereby ordered to appear before a hearing officer of the Colorado Department of Revenue acting on behalf of the State Licensing Authority to show cause why your said license(s) should not be suspended, revoked, or subject to other sanction as provided by law.

NOTICE OF HEARING

YOU ARE HEREBY NOTIFIED that pursuant to sections 12-43.3-601 and 24-4-105, C.R.S., and Rule M 1304, 1 CCR 212-1, (2013), a hearing regarding the matters addressed in the above Order to Show Cause will be held before a hearing officer in the Department of Revenue's Hearings Division, on a date to be set, for the purpose of determining whether your license(s) should be revoked, suspended, or subject to other sanction.

The Hearings Division shall notify the parties of the date, place, time, and nature of the hearing regarding whether discipline should be imposed against your license(s) at least 30 days prior to the date of such hearing, unless otherwise agreed to by both parties. This notice shall be sent to the Respondents in writing by first-class mail to the last mailing address of record and to the address on the Respondents' licenses. Hearings shall be scheduled and held as soon as is practicable.

You are entitled to have an attorney represent you at the hearing, at your expense, or you may represent yourself.

At the hearing, you shall have the right to appear in person with or without legal counsel, to cross-examine any witness, to rebut any evidence presented by the Marijuana Enforcement Division, and to present evidence in your own defense. You may request the issuance of a subpoena in accordance with the procedures set forth in Rule M 1305, 1 CCR 212-1 (2013). A continuance may be granted only for good cause shown. See Rule M 1304(D)(2)(b), 1 CCR 212-1, (2013).

Procedural provisions governing the hearing are set forth in Rules M 1304, 1305 and 1306, 1 CCR 212-1, (2013).

If the State Licensing Authority finds you in violation of any of the above-cited section(s) of the Medical Marijuana Code, the State Licensing Authority may consider, in selecting the sanction to be imposed against you, any mitigating or aggravating factors. See also Rule M 1307, 1 CCR 212-1, (2013).

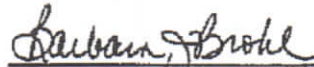
NOTICE OF DUTY TO ANSWER

YOU ARE HEREBY NOTIFIED that, pursuant to subsection 24-4-105(2)(b), C.R.S., and Rule M 1304(C)(1), 1 CCR 212-1 (2013), unless otherwise agreed to by the parties, you are required to file a written response to the Order to Show Cause with the Department of Revenue, Hearings Division, 1881 Pierce Street, Lakewood, Colorado 80214 and the Department of Revenue, Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, Colorado 80220, within thirty (30) days after the mailing of this **ORDER TO SHOW CAUSE**, as reflected by the Certificate of Service attached hereto. You must also simultaneously transmit by United States first class mail or personal delivery a copy of every such correspondence or document to the Assistant Attorneys General assigned to this matter, Kelly Rosenberg or John B. Viverito, at the Department of Law, Ralph L. Carr Colorado Judicial Center, 1300 Broadway, 8th Floor, Denver, Colorado 80203.

If you fail to file your written answer within the applicable time period, or if you fail to appear at the hearing, an order entering a default decision may be issued against you. The order of default may be set aside only upon a showing of good cause. You are further advised that a default decision may result in the suspension or revocation of your license(s) or such other penalties as may be provided for by law, without further notice.

IT IS FURTHER ORDERED that a copy of this Order to Show Cause, Notice of Hearing and Notice of Duty to Respond shall be mailed or delivered to the above-named Respondents.

ORDERED AND APPROVED this 10th of February, 2014.



Barbara J. Brohl
Executive Director
Department of Revenue
State Licensing Authority

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing **ORDER TO SHOW CAUSE, NOTICE OF HEARING, AND NOTICE OF DUTY TO RESPOND** was duly placed in the United States Mail, first class postage pre-paid on February 11TH, 2014, addressed as follows:

Nutritional Supplements LLC 2647 West 38th Avenue Denver, CO 80211	Nutritional Supplements LLC P.O. Box 1689 Longmont, CO 80504
Kevin Lamar [REDACTED] Longmont, CO [REDACTED]	John Stanley [REDACTED] Evergreen, CO [REDACTED]
Darrell Daley Fagre Baker Daniel 1470 Walnut St, Ste. 300 Boulder, CO 80302-5335	

By: Mia Tsuchimoto
Mia Tsuchimoto